



S.F. CITY PLANNING COMMISSION AND
REDEVELOPMENT AGENCY

MEMORANDUM re RESCINDING THE DESIGNATION OF
SOUTH OF MARKET REDEVELOPMENT AREA "D"

November 19, 1956

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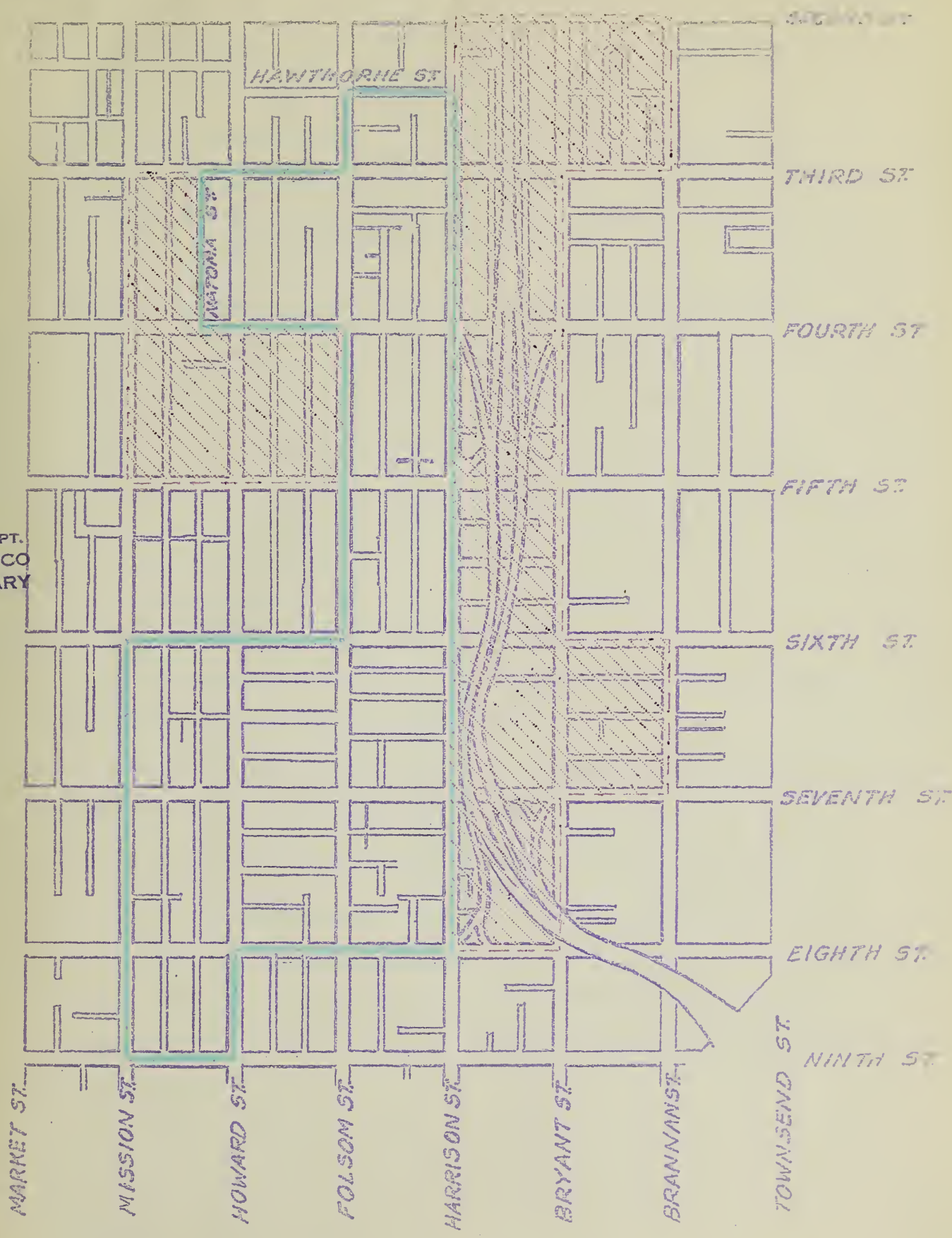
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Recommended South of Market Redevlopment Area
Blocks Recommended for De-designation

October 19, 1956

MEMORANDUM

To : Public Buildings, Lands, and City Planning Committee
Board of Supervisors
From : City Planning Commission and Redevelopment Agency
Subject: SOUTH OF MARKET REDEVELOPMENT AREA D

Submitted herewith are the recommendations of the City Planning Commission and Redevelopment Agency arrived at on October 18, 1956 and approved by the City Planning Commission on that date and by the Redevelopment Agency on October 23, 1956. The recommendations are concerned with and directed toward the resolution before you to rescind the designation of Redevelopment Area D, proposed by Supervisor Halley.

A. Summary of Conclusions and Recommendations

1. The earlier conditions of residential blight still exist in the South of Market Area.
2. Code enforcement and freeway construction have resulted in some non-residential improvements.
3. Changes in the National Housing Law now permit financial assistance for non-residential projects of the type proposed for the South of Market Area.
4. Twelve and one-third blocks are proposed for project study and for financial assistance under the revised federal law.
5. The remainder of the originally designated 19 blocks as well as the four "Bulg" blocks added in 1955 are recommended for de-designation.

blight, and improving the supply of scarce industrial land and increasing the tax base of the city.

Industrial reuse of the cleared portions of the area is in conformity with the Land Use Plan of the Master Plan and of the zoning ordinance, which classify the area as industrial. The type of projects envisioned were spot clearance projects which would make possible the closing of narrow alleys and the improvement of the circulation pattern, the expansion of existing industries, and the development of new industrial sites.

At the time of designation of Redevelopment Area D, however, it was the stated policy and objective of the Redevelopment Agency to establish a project which would be self-sufficient. It was considered that the chief deterrent to industrial expansion was the difficulty of private assembly of land. It was thought that through the public acquisition of land, sites could be sold for industrial use at a price which would reimburse the city, through the Redevelopment Agency, for all costs incurred. This policy was established by the Redevelopment Agency because no federal aid was then available. The City's entire allotment of available federal funds were allocated to the Western Addition and Diamond Heights project. Furthermore, under the limitations of the Housing Act of 1949, very few blocks in the designated area could have qualified for federal aid. The City Planning Commission was given a work order by the Redevelopment Agency to select a project area and prepare a preliminary plan to be effectuated by the Agency under these circumstances.

The study of the Department of City Planning soon revealed that no redevelopment project could be established as a self-sustaining project South of Market, and that a write-down on land cost would be necessary in order that industrial sites be competitively



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entire life compares with the number of structures in the city and other Bay Area locations. Because of this, and the lack of disposition by the Redevelopment Agency to consider alternative local means of financing, the preliminary plan studies were terminated by the Department of City Planning in November of 1953 with the rendering of an interim report to the Redevelopment Agency.

C. The Final Addition

In 1954 and again in 1955 a different concept of redevelopment in the South of Market area was put forward by Mr. Ken Swis. He advocated, with a strong indication that private financial resources were available to him, a scheme for completely clearing entire blocks in the Area, not for industrial use, but for a large-scale Rockefeller Center type of development with office buildings, a hotel, a convention center, and retail shops. Architectural sketches were widely publicized which showed a development that would require the removal of substantial industrial uses including a newspaper plant and a recently completed warehouse. Although this scheme perverted the original purpose of designating a redevelopment area in the South of Market district, the Board of Supervisors in 1955 added four blocks to the nineteen blocks already designated as Redevelopment Area D. This addition encountered opposition from the owners of industrial property, which opposition has since become even more firm and vocal. Of the four blocks added to the designated area the Department of City Planning, upon request of the Director of Redevelopment, reported its opinion that only one and one-third blocks were sufficiently blighted to qualify for inclusion in the designated area under the provisions of the Community Redevelopment Law. At least one San Francisco newspaper approved the inclusion of the additional four blocks, however with

the understanding that further study, leading toward a project area designation, would be required under the procedures of the Community Redevelopment Law before any policy decisions would have to be made by any public agency, including the Board of Supervisors, which would have any legal affect upon property in the area.

D. Present Demands for De-designation

The mere designation of the South of Market Redevelopment Area should not have a major retarding affect on property in the area. In fact, several substantial private industrial building developments have occurred within the designated area since its designation, as well as several substantial industrial rehabilitation projects.

The demand for de-designation has come primarily from two groups: 1) property owners in the Swig blocks added to the original designated area, and 2) The Committee of South of Market Industries. Like the first group, the latter is opposed to total clearance projects which would involve the removal of substantial industries. As pointed out above, such a course would be at variance with the original objective of redevelopment in the South of Market area.

The Resolution of the Board of Supervisors by which the South of Market Redevelopment Area has been designated declares "that the area hereinafter described is hereby found to require study to determine if a redevelopment project or projects within said area are feasible." In 1953 when the Department of City Planning made its initial study to select a project area it was determined that a project could not be established that would be self-sustaining or that would be eligible for federal aid under the Housing Act of 1949. The Housing Act has been amended by Congress in 1954 and in 1956, however, and additional appropriations have been granted, so that

a project or projects can now be established South of Market that would be eligible for federal capital grants. To this end, the recommendations summarized above and described more fully below are made.

E. Findings and Recommendations

1. The earlier conditions of blight still remain.

The South of Market area contains some of the most blighted housing in the city. The sordid squalor found in the alleys of the district typifies the type of condition for which the Community Redevelopment Law was enacted as a remedial measure. At best the residential environment is grim and unwholesome. An iron foundry is not a compatible neighbor for a school, nor does a truck terminal create an environ in which people should live and children play. At worst, the area contains the most exaggerated type of urban residential slums anywhere in California or the west. This condition, in the very core of the city, between the southern and eastern downtown gateways on the Bayshore Freeway-Bay Bridge axis and the financial and retail centers on Montgomery Street and Grant Avenue, is one which civic self-respect should require be remedied.

2. Code enforcement and freeway construction have resulted in some improvement.

An intensive building inspection program and a series of condemnation actions for violations of health, building, and fire codes, has resulted in the demolition of some residential structures, and the rehabilitation of others. The razed structures have been replaced by parking lots, some for general public use, and some for the private use of adjoining industries. Although this has occurred throughout the area it has not been sufficient to change the overall conditions of environmental blight in most of the blocks.

The tier of blocks in which the Bayshore Freeway, Bay Bridge, and Embarcadero Freeway approaches have been located, have been most dramatically changed and cleared of blight. In these blocks few industrial buildings have been built, and residential uses have been almost entirely displaced.

These improvements have not been sufficient however to justify total de-designation of the redevelopment area.

3. The area is now eligible for federal funds

The Housing Act of 1954, adopted by Congress in August of that year, made available a limited amount of federal aid for areas such as South of Market which are not predominantly residential. Section 110 (c) of the Act includes provisions for the redevelopment of non-residential areas for non-residential purposes. To qualify for redevelopment aid under this section, an existing non-residential area must have a "substantial" amount of residential use in a blighted condition. This amount has been administratively determined by the Federal authorities to be 20 percent of the use of the area, measured by either floor areas or land area. Under this provision most of the blocks in the designated area can qualify as eligible for federal capital grants.

Of the total federal capital grant funds authorized by Congress, no state can receive more than 10 percent. The present authorization for the nation is 900 million dollars, and thus California can receive 90 million dollars for capital grant or write down purposes. The Housing Act further provides that the capital grant funds available for South of Market type projects under Section 110 (c) shall not exceed 10 percent of all capital grants authorized. Therefore, of California's total of 90 million in grants, 9 million is available for South of Market type projects.

To date little or no action has taken place under said portion of the Housing Act, either in California or elsewhere. Recent reports from officials of the Urban Renewal Administration disclose that no community in the state has yet proceeded with a project in this manner.

4. It is recommended:

a) That the boundaries of Redevelopment Area D be modified to include twelve and one-third blocks, now eligible for federal aid, bounded by Ninth, Mission, Sixth, Folsom, Fourth, Katona, Third, Folsom, Hawthorne, Harrison, Eighth, and Howard Streets, and that the remainder of the area -- two and two-thirds of the Swig blocks, the freeway blocks, and the two blocks below Bryant Street -- be removed from the designated area.

b) That the Board of Supervisors authorize the making of a project application to the Federal Government immediately for a planning advance and a capital grant to provide for the preparation of a project plan for the redevelopment of the eleven blocks retained in the designated area.

c) That this project be carried out with the clear cognizance that its intended result is not total clearance, but not clearance of non-industrial uses or blighted industrial uses, so that the area can become in its entirety a heavy commercial, wholesaling and light industrial area close to and a part of the heart of the city and of the metropolitan Bay Area.

